

Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 CIAE-00 DODE-00 NSAE-00 NSCE-00 SSO-00

USIE-00 INRE-00 ERDA-05 AID-05 CEA-01 CIEP-01 COME-00

EB-07 FPC-01 H-02 INR-07 INT-05 L-02 NSC-05 OMB-01

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TAGS: EFIN, OECD, EINV, ENRG

SUBJECT: PAPERS FOR IEA AD HOC GROUP ON FINANCIAL AND

INVESTMENT ISSUES (FII): PART III(A) (PAPER

ON: DEVELOPMENT CO-OPERATION BETWEEN THE

INDUSTRIALISED COUNTRIES AND THE PRODUCER

COUNTRIES

REFS: (A) OECD PARIS 5996

(B) OECD PARIS 5872

(C) STATE 55605

1. THIS CABLE TRANSMITS THE FOLLOWING PAPER ENTITLED,
"DEVELOPMENT CO-OPERATION BETWEEN THE INDUSTRIALISED
COUNTRIES AND THE PRODUCER COUNTRIES," WHICH CORRES-
PONDS TO ITEM III(A) OF THE TABLE CONTAINED IN DOCUMENT
IEA/SPC(75)7 SECOND REVISION, IN ACCORDANCE WITH ASSIGN-
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MENT OF RESPONSIBILITIES MADE AT LAST IEA GOVERNING

BOARD AND OF AD //OC GROUP ON FINANCIAL AND INVESTMENT
ISSUES ON MARCH 6 (REFTEL A).

BEGIN TEXT

III(A) DEVELOPMENT CO-OPERATION BETWEEN THE INDUS-
TRIALISED COUNTRIES AND THE PRODUCER COUNTRIES

SUBJECT:

THIS PAPER DEALS WITH THE SUBJECT OF ASSISTANCE BY
THE INDUSTRIALISED COUNTRIES IN THE ECONOMIC, SOCIAL,
INDUSTRIAL AND AGRICULTURAL DEVELOPMENT OF THE OIL PRO-
DUCER COUNTRIES THROUGH COMMERCIAL CHANNELS (CO-OPERATION
IN SPECIFIC PROJECTS, MANAGERIAL AND TECHNICAL ASSISTANCE
ETC.) AS WELL AS JOINT VENTURES (COMMERCIAL AND GOVERN-
MENTAL).

BACKGROUND:

1. DEVELOPMENT CO-OPERATION IS ALREADY EXPANDING BOTH
ON A BILATERAL AND MULTILATERAL BASIS. OPEC DEVELOPMENT
PROGRAMMES AIM AT MODERNISING THE INFRASTRUCTURE OF THE
COUNTRIES AS WELL AS PROVIDING ALTERNATIVE SOURCES OF
PROSPERITY FOR THE FUTURE. GIVEN THAT GENERALLY CAPITAL
IS AVAILABLE, THE ABILITY OF OPEC COUNTRIES TO CARRY OUT
THIS TRANSFORMATION DEPENDS ON:

- (A) THE EXISTING SOCIAL AND ECONOMIC INFRASTRUCTURE;
- (B) A LABOUR FORCE OF SUFFICIENT SIZE AND QUALITY;
- (C) MANAGEMENT WITH THE NECESSARY TECHNOLOGY AT ITS
DISPOSAL;
- (D) TRANSPORT SYSTEMS ADEQUATE FOR IMPORT NEEDS;
- (E) LOCAL OR IMPORTED RAW MATERIALS FOR PROCESSING;
- (F) SUITABLE SITES FOR INDUSTRIAL DEVELOPMENT;
- (G) APPROPRIATE NATIONAL AND INTERNATIONAL MARKETS
FOR PRODUCTS;
- (H) THE WILL IN THE COUNTRIES THEMSELVES TO ADVANCE
WITH SOCIAL AND INDUSTRIAL DEVELOPMENT.

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2. THE INDUSTRIALISED COUNTRIES HAVE TECHNOLOGY, TRAIN-
ING SKILLS AND MANAGERIAL SKILLS. THEY ALSO HAVE THE
NEED AND THE DESIRE TO INCREASE THEIR TRADE WITH THE OIL-
PRODUCING COUNTRIES AND OVER TIME TO BRING ABOUT THE
TRANSFER OF REAL RESOURCES IMPLICIT IN THE INCREASED OIL
PRICES.

3. ALTHOUGH INDUSTRIALISED COUNTRIES' GOVERNMENTS CAN

ACT AS A CATALYST TO THIS PROCESS, IN MOST CASES THE INSTRUMENT FOR ACHIEVING PROGRESS WILL BE THE BUSINESS ENTERPRISES AND MANAGERIAL SKILLS OF THE CONSUMER COUNTRIES.

4. AS THE OPEC MEMBER STATES DEVELOP THEIR OWN INDUSTRIES, INDUSTRIAL AND TRADING PARTNERSHIP BETWEEN THEM AND THE INDUSTRIALISED CONSUMING COUNTRIES SHOULD BE ABLE TO GROW.

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ARGUMENT:

1. ANY DISCUSSION ON A MULTILATERAL BASIS MUST TAKE INTO ACCOUNT THE EXISTING PATTERN OF CONTACTS ON A BILATERAL LEVEL AND CONCENTRATE ON THOSE ISSUES FOR

WHICH A MULTILATERAL APPROACH IS NECESSARY AND BENEFICIAL.

2. THE PRODUCERS' AIMS ARE LIKELY TO BE ACCESS TO TECHNOLOGY AND MARKETS, AND GUARANTEES ABOUT PERFORMANCE AND INVESTMENT. THIS MAY RAISE TRADE POLICY ISSUES (SEE ITEM IV) AND THE QUESTION OF PROTECTION OF INVESTMENTS IN PRODUCER COUNTRIES. IN GENERAL, THE PRODUCERS WILL NEED TO REASSURE CONSUMER COUNTRY ENTERPRISES THAT THE BASIS FOR SATISFACTORY LONG-TERM PARTNERSHIPS EXISTS OR WILL BE PROVIDED.

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3. IT IS UNLIKELY TO BE IN THE INTERESTS OF THE CONSUMERS TO COMPETE AGAINST EACH OTHER IN THE PROVISION OF GUARANTEES. BUT IT WOULD BE USEFUL TO CONSIDER ARRANGEMENTS FOR THE PROTECTION OF INVESTMENTS IN THE PRODUCER COUNTRIES AND FOR THE RESOLUTION OF DISPUTES, E.G., THROUGH INTERNATIONAL ARBITRATION.

OBJECTIVES:

1. TO DEVELOP A HIGHER DEGREE OF INTERDEPENDENCE OF PRODUCER AND CONSUMER ECONOMIES.

2. TO CONVINCE THE PRODUCING COUNTRIES OF THE DESIRE OF THE CONSUMING COUNTRIES TO CO-OPERATE ON THE BASIS OF A LONG-TERM PARTNERSHIP WITH THE INDUSTRIALISATION AND DEVELOPMENT OF THE PRODUCING COUNTRIES.

3. TO PROVIDE THE FRAMEWORK AT GOVERNMENT LEVEL WITHIN WHICH THE COMMERCIAL ENTERPRISES OF THE INDUSTRIALISED COUNTRIES CAN DEVELOP MUTUALLY BENEFICIAL JOINT VENTURES WITH THEIR COUNTERPARTS IN OPEC MEMBER COUNTRIES, AND EXAMINE IN WHAT WAYS SPECIAL ARRANGEMENTS BETWEEN GOVERNMENTS CAN HELP.

4. TO EXAMINE THE CONSEQUENCES OF THE INDUSTRIALISATION OF THE PRODUCING COUNTRIES, E.G. ON TRADE FLOWS AND MARKETS.

5. TO IDENTIFY WITH THE PRODUCING COUNTRIES THE CONSTRAINTS WHICH AT PRESENT IMPEDE A FASTER RATE OF PROGRESS AND HOW TO REMOVE THEM.

LINES TO TAKE:

1. THIS ITEM SHOULD BE INCLUDED IN THE AGENDA, AS IT IS ACCEPTABLE TO ALL PARTIES AND WOULD HELP TO CREATE A FAVOURABLE CLIMATE.

END TEXT

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